

February 16, 2022

Mr. Pradip Kanakia  
India

Dear Mr. Kanakia,

**Sub: Letter of appointment as an Independent Director**

I am pleased to inform you that the Board of Directors of JM Financial Limited (the “**Company**”) has appointed you as an Independent Director of the Company for a period of five years with effect from February 7, 2022. Your said appointment is subject to the approval of the members under the applicable provisions of the Companies Act, 2013 (the “**Act**”).

The detailed terms and conditions of your appointment are set out in the Annexure to this letter and are subject to the applicable provisions of (i) the Companies Act, 2013, (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and (iii) the Articles of Association of the Company.

Our corporate presentation gives details of the Company’s/group’s business performance, group structure and its overview. We are enclosing a copy thereof for your ready reference.

It is a pleasure to have you on the Board of the Company. I am confident that the Company will immensely benefit with your continued association, guidance and expertise.

Please confirm your appointment as an Independent Director by signing, dating and returning a copy of this letter to Mr. Prashant Choksi, the Company Secretary.

Yours truly,

**Sd/-**  
**Nimesh Kampani**  
Chairman

Agreed and Accepted.

Signed: \_\_\_\_\_

Name: **Mr. Pradip Kanakia**

Date: \_\_\_\_\_

**ANNEXURE****TERMS AND CONDITIONS GOVERNING YOUR APPOINTMENT AS AN  
INDEPENDENT DIRECTOR****A. Terms of Appointment:**

In accordance with the applicable provisions of the Companies Act, 2013 and the rules made thereunder, (the “**Act**”) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the “**Listing Regulations**”), and the Company’s Articles of Association, you have been appointed as an Independent Director of JM Financial Limited (“the **Company**”) subject to the approval of the members at the next annual general meeting.

**B. Remuneration:**

As an Independent Director of the Company, you shall be paid the sitting fees of Rs. 1,00,000 per meeting for attending the meetings of the Board of Directors and the reimbursement of expenses, if any, incurred by you for such attendance.

For your information, the details of sitting fees fixed by the Board, and paid to the non-executive/independent directors for attending various meetings are as given below:

***Sitting Fees***

|   |                |
|---|----------------|
| Board/Independent Director’s meeting      | Rs. 1,00,000/- |
| Audit Committee                           | Rs. 50,000/-   |
| Nomination and Remuneration Committee     | Rs. 20,000/-   |
| Stakeholders’ Relationship Committee      | Rs. 10,000/-   |
| Corporate Social Responsibility Committee | Rs. 20,000/-   |
| Risk Management Committee                 | Rs. 10,000/-   |
| Allotment Committee                       | Rs. 5,000/-    |

***Profit Related Commission***

Depending upon the net profits of the Company, you shall be entitled to receive profit related commission as may be determined by the Board of Directors from time to time, subject to the provisions of the Act and the Listing Regulations.

***Reimbursement of Expenses***

The actual expenses, if any, incurred by you, for attending the meeting of the Board and/or any Committees thereof will be reimbursed to you by the Company.

**C. Guidelines of professional conduct, Role, Function and Duties as an Independent Director (As provided in Schedule IV to the Act and the Listing Regulations).**

***Guidelines for Professional conduct:***

1. Uphold ethical standards of integrity and probity;
2. Act objectively and constructively while exercising the duties;
3. Exercise the responsibilities in a bona fide manner in the interest of the Company;
4. Devote sufficient time and attention to the professional obligations for informed and balanced decision making;
5. Not do anything that will influence the exercise of your objective independent judgment in the paramount interest of the Company as a whole;
6. Not abuse the position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. Refrain from any action that would lead to loss of your independence;
8. Where circumstances arise which make you lose your independence, you shall immediately inform the Board accordingly;
9. Assist the Company in implementing the best corporate governance practices.

***Role and functions:***

1. Assist in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
2. Bring an objective view in the evaluation of the performance of Board and management.
3. Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
4. Satisfy on the integrity of financial information and also satisfy that the financial controls and systems of risk management are robust and defensible.
5. Safeguard the interests of all stakeholders, particularly the minority shareholders.
6. Balance the conflicting interests of the stakeholders.

7. Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.
8. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholders' interest.

***Duties:***

1. Undertake appropriate induction and regularly update and refresh the skills, knowledge and familiarity with the Company.
2. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company.
3. Strive to attend all meetings of the Board including a separate meeting of the Independent Directors and of the Board committees of which you are a member.
4. Participate constructively and actively in the committees of the Board, if any.
5. Strive to attend the general meetings of the Company.
6. Where you have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that your concerns are recorded in the minutes of the Board meeting(s).
7. Keep yourself well informed about the Company and the external environment in which it operates.
8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
9. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same are in the interest of the Company.
10. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
11. Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
12. Acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.

13. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information or any other inside information of clients which have been deliberated at the board/committee meeting, unless such disclosure is expressly approved by the Board or required by law.

#### **D. Fiduciary duties:**

As an Independent Director, you have certain fiduciary duties towards the stakeholders of the Company. The particulars of your fiduciary duties in accordance with the provisions of Section 166 of the Act are given below:

1. You shall act in accordance with the Articles of Association of the Company.
2. You shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the community and for the protection of environment.
3. You shall exercise your duties with due and reasonable care, skill and diligence and also exercise independent judgment.
4. You shall not be involved in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.
5. You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners, or associates.
6. You shall not assign your office and any assignment so made shall be void.

#### **E. Directors & Officers (D & O) Liability Insurance:**

The Company has taken Directors and Officers Liability Insurance Policy for an amount aggregating Rs. 250 crore from HDFC Ergo General Insurance Company Limited which is currently in force and is valid till September 30, 2022. The policy is renewed by the Company on an annual basis. The said policy covers the Directors and Officers of the Company, its subsidiaries and associates. The policy, inter alia, protects the concerned Directors and Officers against the claims arising from decisions and/or actions taken in the course of managing the business of each of the companies covered, subject to the terms and conditions set out in the policy document.

#### **F. Code of Business Ethics:**

The Company has laid down a Code of Conduct (the “Code”) for the Board Members and Senior Management Personnel. The Code impresses upon Directors and Senior Management Personnel to uphold the interests of the Company and fulfill their fiduciary obligations. The Code further enjoins the Directors and Senior Management Personnel to act in accordance with the highest standards of honesty, integrity, fairness and good faith and due diligence in performing their duties.

A copy of the said Code is attached as **Exhibit A** for your information and record.

**G. Training:**

In order to familiarize you with the business and affairs of the Company, growth plans, the peculiarities of the industry in which the Company/Group operates, its goals and expectations and long term plans and objectives etc., we have forwarded you the investors' corporate presentation, the Company's Memorandum and Articles of Association, Company's Code for Prevention of Insider Trading and Annual Report for the financial year 2020-21. The Company will, from time to time, keep you updated about the new developments in respect of the industry in which the Company/Group operates through Board deliberations including the presentations covering various segments and businesses undertaken in the Group. You may also note that CEOs/business heads make presentations about performance of their business divisions of the Company/Group to the Board of Directors at its meetings on a periodical basis.

**H. Separate Meetings:**

The independent directors of the Company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management where they shall, inter-alia,

1. review the performance of non-independent directors and the Board as a whole;
2. review the performance of the Chairperson of the Company, taking into account the views of the executive directors and non-executive directors; and
3. assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**I. Performance Evaluation:**

As you are aware, there is a need to carry out evaluation of performance of the Board as a whole, its Committees and individual directors on an annual basis. Accordingly, your performance evaluation as an Independent Director shall be carried out in accordance with the Company's Policy on Performance Evaluation and Remuneration of Directors as approved and adopted by the Board of Directors of the Company. Also, as a part of the evaluation policy, you shall carry out evaluation of the Board (excluding yourself) and also the Committees, where you are a Member.

**J. List of actions not to be done while discharging your functions:**

The illustrative list of actions as specified under the Act which should not be performed by you as an Independent Director while discharging your functions as such in the Company is given below:

1. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

2. Not enter into insider trading in securities of the Company.
3. Not do anything which will lead to having an actual or potential conflict of interest with the Company. In case, such situation arises, you shall discuss the matter with the Chairman of the Board immediately.
4. Not achieve or attempt to achieve any undue gain or advantage for yourself or for your relatives, partners, or associates.

**K. Disclosures:**

1. You shall submit a declaration at the beginning of every financial year under Section 149(7) of the Act during your tenure stating that you meet the criteria of independence as stated in Section 149(6) of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (the “**Listing Regulations**”) and that you qualify to be an Independent Director pursuant to Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. You shall promptly intimate to the Board of Directors if you are not in a position to meet any of the criteria for continuing as an Independent Director.
2. So long as you are an Independent Director of the Company, the number of companies in which you can hold office as a director or as a member or the chairman of the committee shall not exceed the limit stipulated under the Act and the Listing Regulations which is attached as **Exhibit B**. As and when the Act or Listing Regulations get amended, you are requested to adhere to the same.
3. So long as you are an Independent Director of the Company, you will ensure that you do not get disqualified to act as a director pursuant to the provisions of Section 164 of the Act. The list of disqualifications prescribed under Section 164 of the Act is attached as **Exhibit C**. As and when the Act or Listing Regulations get amended, you are requested to adhere to the same.
4. You will ensure compliance with other provisions of the Act and the Listing Regulations as applicable to you as an Independent Director.
5. You are prohibited from trading in the Company’s shares during the period when the trading window is closed. Further, you are required to comply with the applicable insider trading laws and regulations. You are also required to comply with the Company’s Code for Prevention of Insider Trading.
6. You will not hold office as a director in a competing firm/entity outside the JM Financial Group.

**L. Miscellaneous:**

You will have access to confidential information, whether or not the information is marked or designated as “confidential” or “proprietary”, relating to the Company and its business including legal, financial, technical, commercial, marketing and business related

records, data, documents, reports, etc., client information, intellectual property rights (including trade secrets), (“**Confidential Information**”).

You shall use reasonable efforts to keep confidential and to not disclose to any third party, such Confidential Information.

If any Confidential Information is required to be disclosed by you in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be, to the extent possible, with the prior consent of the Board.



## **Exhibit A**

### **Code of Conduct for Board of Directors (attached)**

## **Exhibit B**

### **Limits on number of Directorships as prescribed under Section 165 of the Act**

A person cannot hold office as a director (including) alternate directorship:

- in more than **20 companies** (including both private and public companies and excluding dormant companies) at same time.
- maximum number of public companies (including private company which is a subsidiary or holding company of a public company) shall not exceed **10**.

### **Limits on number of Directorships as prescribed under the Listing Regulations**

- A person shall not be a director in more than 7 listed entities.
- A person can act as an Independent Director of only 7 listed companies.
- If any person is serving as a whole-time director or managing director of any listed company, he can act as an Independent Director of only 3 listed companies.
- For the purpose of computation of maximum number of directorships, the number of listed entities on which a person is a director / independent director shall be only those whose equity shares are listed on a stock exchange.
- An independent director can be a member of maximum 10 Board committees or act as Chairman of maximum 5 Board committees across all public companies in which he is a director.

For the purpose of reckoning the limit, only Chairmanship/membership of the Audit committee and the Stakeholders' Relationship committee shall be considered.

## **Exhibit C**

### **Disqualifications for appointment as a Director prescribed under Section 164 of the Act**

A person shall not be eligible for appointment as a director of a company, if such person:

- a. is of unsound mind and stands so declared by a competent court;
- b. is an undischarged insolvent;
- c. has applied to be adjudicated as an insolvent and his application is pending;
- d. has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence.

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;

- e. an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
- f. has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
- g. has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years;
- h. has not obtained Director Identification Number or any other number as may be prescribed under section 153 by the Central Government;
- i. has held directorships in excess of the limits prescribed under the Act;
- j. is or has been a director of a company which has not filed financial statements or annual returns for any continuous period of three financial years;
- k. is or has been a director of a company which has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more.

Provided that if a person has been director of any such company as mentioned in (j) and (k) above, such person shall not be eligible to be appointed as director of that company or any other company for a period of 5 years from the date on which such company fails to do so.

[Provided that where a person is appointed as a director of a company which is in default of clause (j) or clause (k), he shall not incur the disqualification for a period of six months from the date of his appointment].